



---

*NEWS RELEASE*

---

*Department of General Services*

**DATE:** September 8, 1998  
**FOR RELEASE:** IMMEDIATE  
**NUMBER:**

**INTERNET:** [www.dgs.ca.gov](http://www.dgs.ca.gov)

---

State Signs Lease to Consolidate Warehouse Space, Cut Storage Costs

Sacramento -- The Department of General Services (DGS) today announced a lease agreement with the Joe Benvenuti Company to consolidate state warehouse space, saving taxpayers millions of dollars. The relocation of three separate warehouse operations to a single site in Sacramento's North Natomas area is the latest step in the state's procurement reform efforts.

"This consolidation reflects new thinking in government procurement policy," said DGS Director Peter Stamison. "We expect to save the taxpayers millions of dollars over the lifetime of the warehouse's 15-year lease."

The DGS Procurement Division currently leases 272,000 square feet of space in three separate locations in the Sacramento area. The warehouses store everything from canned goods and janitorial supplies to government forms and surplus property. The combined cost of leasing the three current facilities is approximately \$980,000 per year. The cost of leasing the new 183,000 square foot site (located at 1700 W National Drive) will be \$758,970 per year, for annual savings of \$221,000. Consolidation efforts are due to be completed by February 1999.

"Not only will this warehouse consolidation reduce the costs of storing supplies, but it will also help us realize operational efficiencies, since everything will be under one roof," said DGS Procurement Division Deputy Director Chuck Grady. "This is another step forward in the reengineering of the state's warehousing system."

The consolidation is the latest in a series of procurement reforms begun in 1996 when DGS discontinued the distribution of office supplies to state agencies through its central warehouses. DGS contracted with Office Depot to provide delivery of office items available through a catalog system. The Office Depot contract has saved the state nearly \$9 million a year by leveraging the state's buying power, and reducing delivery time.

In early 1998, DGS completed several other private-sector purchasing contracts for the distribution of commodities and janitorial supplies to state agencies, which will result in additional savings of an estimated \$4 million a year.